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THE WHITE HOUSE

WASHINGTON

July 15, 2002

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Putin

PARTICIPANTS: The President
President Putin
Condoleezza Rice
Vladimir Rushaylo
Peter Afanasenko, Interpreter

DATE, TIME: June 27, 2002, 7:45 - 8:25 a.m. (MDT)
AND PLACE: Delta Lodge, Kananaskis, Canada

The President: Making good progress on Iran.

President Putin: I read your letter and had a good small meeting. You are right, I agree we are making progress. I have studied some other info. The key is not to allow the Iranians to generate a nuclear cycle. That means technology and equipment for weapons grade plutonium. I gave additional instructions to my Atomic Energy Minister. He has contacts with your specialists. There is a permanent working group with whom he will maintain contact. He is clean. He is not involved in any commercial activity. We could establish another group on biological. Ask Condi to think about how to really deal with both of these problems. As for spent fuel, there is some progress. Told Iranians we will not ship any fuel until they agree that spent fuel comes back to Russia. We have signed a protocol with them. They resist introducing amendments.

The President: You understand their nature, they are worse than the Saudis. You have to watch them.

President Putin: As for Iran, I had a very tough feelings after meeting with Khatemi. Aznar told me something interesting. Aznar told me about his meeting with Khamenei. He said instead of saying hello, he just looked at me, "we will eliminate Israel, are you one of our enemy?" Aznar said he was astonished. Closer we work together the better. Gives back tapes about caviar extraction.

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Reason: 1.5(d)

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(The President: I loved the film. Two quick points on 10+10, we are in good shape. We are content with our relationship. I think you got what you want. Russia can decide if the project (new or old) goes forward.

President Putin: Problem is this, we are being paid, we should be happy, we know. But the guidelines, part of the text says we are appealing the guidelines. Says -- guidelines says new and modified projects, doesn't say what "modified" means. It says we need to provide diplomatic protection to all who work. I asked the Canadians, they said only State employees. In general, I agreed. Then I agreed on the text but it doesn't say that, it keeps it vague. That could appoint anyone. I was a spy, they won't find anything. But, as for civil responsibility that is a different thing. These are dangerous weapons. We can continue to discuss. We are saying let us apply guidelines to new projects.

The President: Well you work it out, you have made progress.

President Putin: We do welcome the guidelines.

(The President: Two other points. Asked you to think about BW any thoughts?

President Putin: We did better with biological weapons.

The President: During Soviet period, sophisticated work was done.

President Putin: I am not concerned with materials but about the scientists.

The President: Do you have a good handle? I have been told a lot was developed during that time.

President Putin: I have instructed an inventory and to centralize it. We have good experts. They say the anthrax was manufactured in the US.

The President: Georgia - I know you don't think Georgians can do the job. They are petrified of joint operations.

President Putin: We will not insist.

(The President: They need to go get the killers.

President Putin: They won't.

The President: Let me push hard. If they don't go get them we can figure out how to get the Al-Qaida killers. We want them dead. My worry about Georgia is not about your goal. We are seeing all kinds of talk about threats to US and Russia from that area. We have an obligation to help you fight them off.

President Putin: Everything should be pried and opened. We will not make any movement on their territory. But if the activities force the terrorists to go to our territory, we will not wait. We will hit them in Georgia. The mountains are very high. If they get over the mountains, we will not catch them. We will do our best to avoid this situation, but if we see them moving toward us, we will strike. I have issued an order. We are deploying troops to block the border.

The President: Do you have eyes on them?

President Putin: Yes.

The President: How many?

President Putin: 2,3-500. Happened a year ago - they approached within 5K. They were moving toward Godi, not out of Pankisi. We will try to avoid it. They are not inhabited areas. As for Georgia, we will not use troops. We wanted to, but will not. We know the houses where they live.

The President: We need to develop a plan. One that you know about. We will develop jointly. A plan that will tell the Georgians what to do. Maybe they can't do it, but we need to give them a chance.

President Putin: They will not fight, they are linked in drug trafficking.

The President: Let's call Shevardnadze's bluff.

President Putin: Sufficient for us to have coordinated activities, so we know what they are going to do. Last time, we learned about it at a late time.

The President: We need to work at this together. This is a very good chance. If Georgians can't do it, we will try something else.

President Putin: We will not go to their territory.

The President: We will be in constant contact. We can derive the strategy.

President Putin: One question on the Middle East. We are ready to support you in principle. We had special relations with the Arabs and Arafat. Very hard to jump from one position, but we think they need some fresh blood. Therefore, Secretary Powell should stay in close contact w/ Igor. The day before your statement I had a press conference. I said we couldn't replace him. Igor and Powell get along well. 25 questions were asked on financial task force on money laundering. We have implemented all of this.

The President: We will look into it.

-- End of Conversation --